

Alexander Hamilton, "Report on the Subject of Manufactures" (1791)

In the following report to Congress, Alexander Hamilton, President Washington's Secretary of the Treasury, sets forth the advantages of a manufacturing system, and he forecasts the changes which later came with the growth of industry. Compare Hamilton's report to Jefferson's views outlined in his "Importance of Agriculture".

The expediency of encouraging manufactures in the United States... appears at this time to be generally admitted. The embarrassments which have obstructed the progress of our external trade, have led to serious reflections on the necessity of enlarging the sphere of our domestic commerce.... [Other nations regulations against our agricultural produce] beget an earnest desire that a more extensive demand for that surplus may be created at home...

[Both the manufacturer and the farmer] furnishes a certain portion of produce of his labor to the other, and each destroys a corresponding portion of the produce of the labor of the other. In the meantime, the maintenance of two citizens, instead of one, is going on; the State has two members instead of one; and they, together, consume twice the value of what is produced from the land....

It may be inferred that manufacturing establishments not only occasion a positive augmentation of the produce and revenue of the society, but that they contribute essentially to rendering them greater than they could possibly be without those establishments....

[Increasing manufacturing encourages all of the following benefits]....

1. As to the division of labor

It has justly been observed, that there is scarcely any thing of greater moment in the economy of a nation than the proper division of labor. The separation of occupations causes each to be carried to a much greater perfection.... This arises principally from... the greater skill and dexterity naturally resulting from a constant and undivided application to a single object....

2. As to an extension of the use of machinery...

The employment of machinery... is an artificial force brought in aid of the natural force of man; and, to all the purposes of labor, is an increase of hands, an accession of strength.... May it not, therefore, be fairly inferred, that those occupations which give greatest scope to the use of this auxiliary, contribute most to the general stock of industrious effort, and, in consequence to the general product of industry....

3. As to additional employment of classes of the community not originally engaged in the particular business...

[Manufacturing institutions] afford occasional and extra employment to industrious individuals and families, who are willing to devote... [their leisure time] as a resource for multiplying their acquisitions or their enjoyments. The husbandman himself experiences a new source of profit and support from the increased industry of his wife and daughters, invited and stimulated by the demands of the neighboring manufactories....

Women and children are rendered more useful, and the latter more early useful, by manufacturing establishments....

4. As to the promotion of emigration from foreign countries...

[Many] would probably flock from Europe to the United States to pursue their own trades and professions....

5. As to the furnishing greater scope for the diversity of talents and dispositions, which discriminate men from each other...

There is, in the genius... of this country, a particular aptitude for mechanic improvements, it would operate as a forcible reason for giving opportunities to the exercise of that species of talent, by the propagation of manufactures.

6. As to the affording of a more ample and various field for enterprise

The spirit of enterprise... must necessarily be contracted and expanded in proportion to the simplicity or variety of the occupations and productions which are to be found in a society. It must be less in a nation of mere cultivators than in a nation of cultivators and merchants; less in a nation of cultivators and merchants, than in a nation of cultivators, artificers and merchants.

7. As to the creating... and securing... a more steady demand for the surplus produce of the soil...

[This] is the principle means by which the establishment of manufactures contributes to an augmentation of produce or revenue of a country, and has an immediate and direct relation to the prosperity of agriculture.

It is evident that the exertions of the husbandman will be steady or fluctuating, vigorous or feeble, in proportion to... the adequateness or inadequateness, of the markets on which he must depend....

This idea of an extensive domestic market for the surplus produce of the soil, is of the first consequence. It is, of all things, that which most effectually conduces to a flourishing state of agriculture.... [it will] cause the lands which were in cultivation to be better improved and more productive....

The foregoing considerations seem sufficient to establish, as general propositions, that it is the interest of nations to diversify the industrious pursuits of the individuals who compose them; that the establishment of manufactures is calculated not only to increase the general stock of useful and productive labor, but to improve the state of agriculture in particular, - certainly to advance the interests of those who are engaged in it....